
HOUSE BILL 2673

State of Washington 60th Legislature 2008 Regular Session

By Representatives Sells, Upthegrove, McIntire, Simpson, and McDonald

Read first time 01/15/08. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to creating a business and occupation tax credit
2 for qualified employer payments on student loans; reenacting and
3 amending RCW 82.32.590 and 82.32.600; adding a new section to chapter
4 82.04 RCW; adding a new section to chapter 82.32 RCW; creating a new
5 section; and providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
8 support a vibrant economy through a well-trained, highly skilled
9 workforce. It is also the intent of the legislature to ensure that
10 individuals who receive high level training in Washington remain in the
11 state upon graduation. Further, in order for Washington businesses to
12 prosper in a highly competitive global economy, businesses must have
13 the necessary tools and talent, and it is the intent of the legislature
14 to help businesses meet these needs.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
16 to read as follows:

17 (1) In computing the tax imposed under this chapter, a credit is

1 allowed to qualified employers for student loan payments made on behalf
2 of qualified employees.

3 (2) The credit is equal to the amount of federal or Washington
4 state student loan payments, which came due and were paid by a
5 qualified employer on behalf of a qualified employee in a calendar
6 year. The maximum credit that may be earned is:

7 (a) Two thousand dollars for each qualified employee to whom the
8 qualified employer pays annual wages and benefits of forty thousand
9 dollars or less; or

10 (b) Four thousand dollars for each qualified employee to whom the
11 qualified employer pays annual wages and benefits of more than forty
12 thousand dollars.

13 (3) The credit under this section may be used against taxes due
14 under this chapter and a credit earned during one calendar year may be
15 carried over to be credited against taxes incurred in a subsequent
16 calendar year. A person is not eligible to receive a credit under this
17 section if the person is receiving a "tax preference," as defined in
18 RCW 43.136.021, under any other provision of law for the same
19 employment position. No refunds may be granted for credits under this
20 section.

21 (4)(a) The legislature finds that accountability and effectiveness
22 are important aspects of setting tax policy. In order to make policy
23 choices regarding the best use of limited state resources, the
24 legislature needs information to evaluate whether the stated goals of
25 legislation were achieved. A person taking a credit under this section
26 must make an annual survey to the department as provided in section 3
27 of this act.

28 (b) The goals of the tax credit authorized under this section are
29 to support a vibrant economy through a well-trained, highly skilled
30 workforce and ensure that individuals who receive high level training
31 in Washington remain in the state upon graduation.

32 (5) As used in this section:

33 (a) "Qualified employee" means an employee who:

34 (i) Resides and is employed in Washington;

35 (ii) Has been employed by the qualified employer for at least
36 twelve consecutive months and, during that time, has worked at least
37 thirty-five hours per week or four hundred fifty-five hours per quarter

1 or one thousand eight hundred twenty hours per year, exclusive of
2 overtime;

3 (iii) Attended for at least two years and, within the past five
4 years, earned a bachelor or a graduate degree from one of Washington's
5 state universities, regional universities, or the state college, as
6 defined in RCW 28B.10.016;

7 (iv) Was a resident student as defined in RCW 28B.15.012 during the
8 entire period of attendance at the Washington university, regional
9 university, or state college; and

10 (v) Has federal, Washington state, or a combination of federal and
11 Washington state, student loan debt with a total loan principal amount
12 of ten thousand dollars or more.

13 (b) "Qualified employer" means a person, as defined in RCW
14 82.04.030, employing fifty or fewer employees.

15 (6) Transfer of ownership of the qualified employer does not affect
16 credit eligibility. However, the credit is available to the successor
17 only if the successor is a qualified employer and the other eligibility
18 conditions of this section are met.

19 (7) No application is necessary for the tax credit. The person
20 must keep records necessary for the department to verify eligibility
21 under this section.

22 (8) If at any time the department finds that a person is not
23 eligible for tax credit under this section, the amount of taxes for
24 which a credit has been claimed are immediately due. The department
25 must assess interest, but not penalties, on the tax credit for which
26 the person is not eligible. The interest must be assessed at the rate
27 provided for delinquent taxes under chapter 82.32 RCW, must be assessed
28 retroactively to the date the tax credit was taken, and must accrue
29 until the taxes for which a credit has been used are repaid.

30 (9) This section expires January 1, 2011. A credit may be claimed
31 under this section on or after January 1, 2011, for any credit earned
32 during a reporting period ending before January 1, 2011.

33 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.32 RCW
34 to read as follows:

35 (1) Each person claiming a tax preference that requires a survey
36 under this section must report information to the department by filing
37 a complete annual survey. The survey is due by March 31st of the year

1 following any calendar year in which the tax preference is taken. The
2 department may extend the due date for timely filing of annual surveys
3 under this section as provided in RCW 82.32.590. The survey must
4 include the amount of the tax preference taken. The survey must also
5 include the following information for employment positions in
6 Washington:

7 (a) The number of total employment positions;

8 (b) Full-time, part-time, and temporary employment positions as a
9 percent of total employment;

10 (c) The number of employment positions according to the following
11 wage bands: Less than thirty thousand dollars; thirty thousand dollars
12 or greater, but less than sixty thousand dollars; and sixty thousand
13 dollars or greater. A wage band containing fewer than three
14 individuals may be combined with another wage band; and

15 (d) The number of employment positions that have employer-provided
16 medical, dental, and retirement benefits, by each of the wage bands.

17 (2) The department may request additional information necessary to
18 measure the results of, or determine eligibility for, the tax
19 preference, to be submitted at the same time as the survey.

20 (3) All information collected under this section, except the amount
21 of the tax preference taken, is deemed taxpayer information under RCW
22 82.32.330. Information on the amount of tax preference taken is not
23 subject to the confidentiality provisions of RCW 82.32.330. If the
24 amount of the tax preference taken as reported on the survey is
25 different than the amount actually taken or otherwise allowed by the
26 department based on the taxpayer's excise tax returns or other
27 information known to the department, the amount actually taken or
28 allowed may be disclosed.

29 (4) If a person fails to submit an annual survey under this section
30 by the due date of the report or any extension under RCW 82.32.590, the
31 department must declare the amount of the tax preference taken for the
32 previous calendar year to be immediately due and payable. The
33 department must assess interest, but not penalties, on the amounts due
34 under this section. The interest must be assessed at the rate provided
35 for delinquent taxes under this chapter, retroactively to the date the
36 credit was claimed, and must accrue until the taxes for which the
37 credit was claimed are repaid. This information is not subject to the
38 confidentiality provisions of RCW 82.32.330.

1 (5) The department must use the information from this section to
2 prepare summary descriptive statistics by category. No fewer than
3 three taxpayers must be included in any category. The department must
4 report these statistics to the legislature each year by September 1st.

5 (6) For the purposes of this section, "tax preference" has the
6 meaning provided in RCW 43.136.021 and includes only the tax
7 preferences requiring a survey under this section.

8 **Sec. 4.** RCW 82.32.590 and 2006 c 354 s 17, 2006 c 300 s 10, 2006
9 c 177 s 8, 2006 c 112 s 7, and 2006 c 84 s 7 are each reenacted and
10 amended to read as follows:

11 (1) If the department finds that the failure of a taxpayer to file
12 an annual survey or annual report under RCW 82.04.4452, 82.32.5351,
13 82.32.650, 82.32.635, 82.32.640, 82.32.630, 82.32.610, section 3 of
14 this act, or 82.74.040 by the due date was the result of circumstances
15 beyond the control of the taxpayer, the department shall extend the
16 time for filing the survey or report. Such extension shall be for a
17 period of thirty days from the date the department issues its written
18 notification to the taxpayer that it qualifies for an extension under
19 this section. The department may grant additional extensions as it
20 deems proper.

21 (2) In making a determination whether the failure of a taxpayer to
22 file an annual survey or annual report by the due date was the result
23 of circumstances beyond the control of the taxpayer, the department
24 shall be guided by rules adopted by the department for the waiver or
25 cancellation of penalties when the underpayment or untimely payment of
26 any tax was due to circumstances beyond the control of the taxpayer.

27 **Sec. 5.** RCW 82.32.600 and 2007 c 54 s 23 and 2007 c 54 s 22 are
28 each reenacted and amended to read as follows:

29 (1) Persons required to file annual surveys or annual reports under
30 RCW 82.04.4452 or 82.32.5351, 82.32.610, 82.32.630, 82.32.635,
31 82.32.640, section 3 of this act, or 82.74.040 must electronically file
32 with the department all surveys, reports, returns, and any other forms
33 or information the department requires in an electronic format as
34 provided or approved by the department. As used in this section,
35 "returns" has the same meaning as "return" in RCW 82.32.050.

1 (2) Any survey, report, return, or any other form or information
2 required to be filed in an electronic format under subsection (1) of
3 this section is not filed until received by the department in an
4 electronic format.

5 (3) The department may waive the electronic filing requirement in
6 subsection (1) of this section for good cause shown.

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